41.1.0 Introduction

Wisconsin SeniorCare (SC) is a new prescription drug assistance program for Wisconsin residents who are at least 65 years of age. SC begins September 1, 2002.

SC is designed to help seniors with covered prescription drug costs. Eligible participants are issued SC identification cards and may receive SC benefits.

There is no asset test for SC. Participation levels are determined by comparing the annual income of the fiscal test group (FTG) to the Federal Poverty Level (FPL) corresponding to the FTG size.

SC is administered by the Department of Health and Family Services (DHFS), through the Central Application Processing Operation (CAPO). County and tribal agencies are not responsible for determining eligibility, but may need to coordinate with workers in the CAPO for mixed cases. Shared cases include those persons eligible for SC and:

- Food stamps, **or**
- Medicare premium assistance, **or**
- An unmet Medicaid (MA) deductible, **or**
- Child care assistance, **or**
- Are participating in a Department of Workforce Development (DWD) employment program such as Wisconsin Works (W-2).

Although SC is a subprogram of MA, only the portions of the handbook that are referenced in this appendix apply to SC policy.

41.2.0 Application

An individual interested in participating in SC must complete a SeniorCare Application Form (HCF 10076). A $20 enrollment fee is required as a condition of eligibility. If the enrollment fee is not sent with the application, the eligibility begin date could be delayed (41.5.1).

SC applications should be mailed to:

SeniorCare
P.O. Box 6710
Madison, WI 53716-0710

41.2.1 Application Processing

A valid application for SeniorCare is a SeniorCare Application Form (HCF 10076) with the applicant's:

- Name, **and**
- Address, **and**
- Signature (41.2.2) in Section VI. Applications that are not signed in Section VI of HCF 10076 will be returned to the applicant.

However, non-financial (41.3.0) and income information is needed to determine eligibility.

The date a valid application is received by the SC program is the application filing date.

For applications received on or after September 1, 2002, eligibility for SC will be determined as soon as possible, but not later than 30 days from the date a valid application is received.

A delay in processing the application may occur if there is a delay in obtaining information necessary for determining eligibility. If a delay occurs, the applicant will be notified in writing that there is a delay in processing the application. The notice will specify the reason for the delay and inform the applicant of his/her right to appeal the delay.

41.2.2 Signing the Application

The applicant must sign the application form in Section VI of HCF 10076 with his/her signature, a mark or an "X", unless one of the following signs for him/her:

1. A guardian.
2. An authorized representative.
3. A power of attorney/durable power of attorney.

41.2.2.1 Witnessing the Signature

If a SC applicant signs the application form in Section VI of HCF 10076 with a mark or an "X", the signature must be witnessed by two individuals.

41.2.3 Authorized Representative

An authorized representative represents the SC participant at application and/or reviews, and is responsible for providing information and any documentation that is necessary to establish SC eligibility.

A SC applicant may authorize someone to represent him/her by completing the authorized representative portion of

41.2.3 Authorized Representative (cont.)

HCF 10076 (Section V).

41.2.4 Guardian and Power of Attorney

An applicant is not required to complete Section V, the authorized representative section, of HCF 10076 if a legal guardian or power of attorney (POA) is applying on the SC applicant's behalf.

Copies of guardianship or POA documentation will be requested after the SC application has been submitted. Documentation must be submitted to the SC Program before information about the applicant or participant will be released to the guardian or POA.

41.3.0 Non-Financial Requirements

To be non-financially eligible for SC, an applicant must:

1. Be at least 65 years of age.

2. Be a Wisconsin resident.

   A Wisconsin resident is an individual who meets at least one of the following criteria:

   - Has a permanent residence in Wisconsin.
   - Is considered a Wisconsin resident for tax purposes.
   - Is a registered voter in Wisconsin.

   A SC participant may temporarily live outside the State of Wisconsin, as long as s/he maintains permanent residency in Wisconsin.

3. Be a U.S. citizen or a qualifying legal alien (2.2.0).

4. Provide a Social Security Number (SSN) or be willing to apply for one.

   If a person requires assistance in obtaining a SSN, the SC Program will assist him/her in applying for one.

5. Not be a full-benefit MA recipient (24.2.0).

   Individuals are not considered MA recipients for SC if they have an unmet MA deductible (20.0.0) or receive one of the following:

41.3.0 Non-Financial

- Medicare premium assistance (27.0.0).
- Family Care non-MA (32.0.0).
- TB-related MA (19.7.0).

6. Not be an inmate of a public institution (40.2.0, #4).

7. Cooperate with providing information and/or verification necessary to determine eligibility.

   If a person is not able to produce the required verification, or requires assistance to do so, the SC program may not deny assistance.

   If a person is able to produce required verification but refuses or fails to do so, the application will be denied.

41.3.1 Enrollment Fee

In addition to the non-financial requirements listed above, each person must pay a $20 annual enrollment fee. The enrollment fee must be paid prior to eligibility confirmation.

41.3.1.1 Refunds

Anytime an application for SC is denied, a refund of the paid enrollment fee is automatically issued.

A SC participant may receive an enrollment fee refund if s/he received an eligibility notification, but has not received any SC prescription drug benefits and requests to withdraw from the program (41.12.1).

A refund may also be requested by the family member of a deceased participant if s/he received an eligibility notification, but had not received any SC prescription drug benefits.

In all cases, a refund will be issued only if the request to withdraw from the SC program is made by the later of:

- Ten days following issuance of the eligibility notice, **or**
- 30 days from the application filing date.

41.4.0 Fiscal Test Group (FTG)

The FTG consists solely of an applicant, unless the applicant is married and resides with his/her spouse.

If the applicant resides with his/her spouse, the FTG consists of both the applicant and his/her spouse. An applicant is considered to be residing with his/her spouse if the

41.4.0 Fiscal Test Group (FTG) (cont.)

permanent residence of the spouse is the same as that of the applicant.

Exceptions: The FTG consists only of the applicant if:

- One spouse is institutionalized and is expected to be out of the home for 30 or more days, **or**
- The applicant's spouse is a SSI recipient, **or**
- Both spouses are living in a nursing home.

41.5.0 Benefit Period

The benefit period for SC is 12 consecutive months. The benefit period and eligibility remain intact unless the participant moves out of state, reapplies (41.11.0), requests to withdraw from the program (41.12.1) or dies.

41.5.1 Eligibility Begin Date

SC begins on the first day of the month following the month in which all eligibility requirements have been met.

Exception: SC eligibility begins the day after MA eligibility ends if a SC application is submitted prior to the MA termination date and all eligibility requirements are met.

Example. Carol applies for SC on September 19th and meets all eligibility requirements. Her application is processed on October 10th, and eligibility is confirmed the same day. Carol's benefit period is from October 1st through September 30th.

Example. William applied for SC on September 19th but did not submit the $20 enrollment fee with his application. His eligibility "pends" and a notice is issued. William submits the fee on October 1st and eligibility is confirmed the same day. William's benefit period is from November 1st through October 31st.

Example. Mary is notified that MA eligibility will end on November 30th because her assets exceed the limit. She applied for SC on November 29th and will meet all SC eligibility requirements on December 1st (when she is no longer a MA recipient). Mary's benefit period is from December 1st through November 30th.

41.6.0 Financial Requirements

41.6.1 Assets

There is no asset test for SC. In general, cash that is received as a result of converting an asset from one form to another, is not income. However, special provisions apply to retirement benefits (41.6.2.3). Income generated from any assets that the SC participant may have is considered budgetable income.

Example. Eric has a savings account with $5,000 in it. Eric's savings account is considered an asset, but the interest that he earns is countable income.

Eric decides to withdraw $1,000 from his savings account. This amount does not count as income. It is an asset that has been converted to cash. Only the interest Eric receives from the savings account is countable income.

Any withdrawals from his savings account are considered the conversion of an asset, and are not counted as income.

41.6.2 Income

The income of a spouse who is in the SC FTG is included in the estimate of the annual budgetable income, even if s/he does not apply or is non-financially ineligible.

Annual income is determined prospectively from the month of application through the next 12 calendar months. Income exempted for MA eligibility is also exempted for SC (15.2.0), including Earned Income Tax Credit (EITC) and income tax refunds.

Budgetable income consists of projected **gross** annual income, except for self-employment income (41.6.3.1).

In the following sections, income policy is according to the categories on the SeniorCare Application Form (HFS 10076). All income listed in the following sections should be prospectively budgeted for a 12-month period beginning with the month of application.

41.6.3 Interest and Dividends

The SC applicant must report the estimated gross amount of all interest and dividends that s/he expects to receive in the next 12 months, beginning with the month of application. This includes interest that the SC applicant may receive from any of the following that s/he may have:

- Bonds.
- Capital Gains (41.6.3.1).

41.6.3 Interest and Dividends (cont.)

- Certificate of Deposit (CD).
- Checking Account.
- Land Contracts (15.4.7).
- Loans (15.4.8).
- Money Market Account.
- Savings Account.
- Stocks.
- Trusts (41.6.3.2).

Only irrevocable interest that a SC applicant receives for an irrevocable burial trust is not budgetable income.

Note: Income that is received irregularly, infrequently, and under $20 per month should be reported as budgetable income for SC applicants.

41.6.3.1 Capital Gains

Budgetable income consists of all capital gains that are reportable as capital gains to the IRS for tax purposes. All losses should be subtracted from the gross capital gains amount, and the net capital gain amount that results should be reported if it is greater than zero. Negative amounts should not be reported.

41.6.3.2 Trusts

All payments (including interest, dividends, and rent) from a trust to a beneficiary is income to the beneficiary.

Irrevocable interest that a SC applicant receives for an irrevocable burial trust is not budgetable income.

Note: Section 15.4.1 is not applicable for SC participants.

41.6.4 Gross Earnings

Budgetable gross earnings consists of all gross earned income, except for self-employment income. Gross earnings includes the following:

- Income In Kind (15.5.1).
- Contractual Income (15.5.2).
- Jury Duty Payments (15.5.4).
- Wage Advances (15.5.5).
- Worker's Compensation (15.5.6).
- Governor's Central City Initiative (15.5.7).
- AmeriCorp (15.5.10).
- Severance Pay (15.5.12).
- Income Received By Members of a Religious Order (15.4.16, 15.5.13).

41.6.4 Gross Earnings (cont.)

- Wages and salaries received from a program funded under Title V – Older Americans Act of 1965 (15.4.17).

41.6.5 Gross Pension

Examples of income that should be included in the gross pensions amount include:

- Veteran's Benefits.
- Railroad Retirement Benefits.
- Retirement Benefits (41.6.5.1).

41.6.5.1 Retirement Benefits

Retirement benefits are work-related plans for providing income when employment ends (e.g., pension, disability, or retirement plans administered by an employer or union). Other examples are funds held in an individual retirement account (IRA) and plans for self-employed individuals, sometimes referred to as Keogh plans.

Retirement accounts, including individual retirement accounts (IRA), Keogh, etc., are assets, and are therefore not counted for SC. However, unlike other assets, periodic payments received from a retirement account are counted as income (15.4.4). A periodic payment is any partial payment from a retirement account. Withdrawal of the full amount from any retirement account that has never had a withdrawal made from it is not considered a partial payment.

Example. Mike withdraws $2,000 from an IRA he has. Any interest earned is considered income. Mike has not withdrawn any money from this IRA in the past.

If Mike withdraws the full $2,000 at one time, the $2,000 continues to be considered an asset. This is a conversion from one form of an asset to another.

If Mike were to make a one-time withdrawal of $1,000 of the $2,000 from his IRA, the $1,000 would be considered income in the month received.

If Mike were to withdraw $100 monthly from his IRA, the $100 he receives monthly from the IRA is income in the month received.

41.6.6 Gross Social Security
41.6.6.1 Social Security Income

If a SC applicant receives both Social Security Income and Medicare, s/he must add the monthly Medicare premium amount to the net monthly check amount and multiply by 12

41.6.6.1 Social Security Income (cont.)

to calculate the gross annual amount.

Exception: If a SC applicant is receiving Medicare premium assistance (27.0.0), his/her monthly payment is the gross amount.

41.6.7 Other Income

Examples of other income are:

- Allocated Income from a MA Recipient Spouse (41.6.7.1).
- Child Support (15.4.14).
- Federal Farm Subsidy (41.6.7.2).
- Gifts (15.4.6).
- Profit Sharing (15.4.15).
- Sick Benefits (15.4.2).
- Rental Income (41.6.7.3).
- Unemployment Compensation (15.4.3).

41.6.7.1 Allocated Income from a MA Recipient Spouse

SC applicants with a MA recipient spouse living outside of the home, for example in a nursing home, must report income allocated from that spouse as income. S/he should only report the amount actually received.

Example. Betty is a MA recipient and in the nursing home. She is allowed to allocate up to $1,000 to her spouse, Carl, according to the notice she receives. Betty only actually has $650 available, and of that $45 is set aside as her personal needs allowance. $605 per month that she allocates to Carl would be counted as unearned income for Carl. He would report $7,260 as “Other Income” on his SeniorCare Application.

A SC applicant with a MA recipient spouse living in the home, for example a community waivers participant, should not report income that is allocated to him/her. The allocated amount should be included in the income for the MA recipient spouse, because s/he is living in the home.

41.6.7.2 Federal Farm Subsidy

The SC applicant must report federal farm subsidy payments.

41.6.7.3 Rental Income

All rental income will be budgeted for SC. Annual operating expenses should be deducted from the annual amount of gross rental income. Operating expenses include ordinary and necessary expenses such as insurance, utilities, taxes, advertising for tenants and repairs.

41.6.7.3 Rental Income (cont.)

Refer to 41.6.8.1 if rental income is reported to the IRS as self-employment income.

41.6.8 Self-Employment Earnings

SC will budget net self-employment income, which is calculated by deducting estimated business expenses, losses, and depreciation from gross self-employment income.

41.6.8.1 Rental Income

All rental income will be budgeted for SC. Annual operating expenses should be deducted from the annual amount of gross rental income. Operating expenses include ordinary and necessary expenses such as insurance, utilities, taxes, advertising for tenants and repairs.

If rental income is reported to the IRS as self-employment income and is subject to the federal self-employment tax for rental income, depreciation should also be deducted from the gross rental income.

Refer to 41.6.7.3 if rental income is not reported as self-employment income.

Note: See section 15.5.3, items #1 and 2, for more information about calculating net rent for SC participants.

41.7.0 Participation Levels

For applicants determined eligible, SC pays for a portion of covered prescription drugs (41.16.0), depending on the person's participation level.

There are three participation levels. The level of benefits an applicant receives depends on their annual income and, for some, on the amount they spend on covered prescription drugs during their 12-month benefit period.

The participation levels are known as:

- **Level 1: Co-Payment**
  (If annual income is at or below 160% of the FPL.)
- **Level 2: Deductible**
  (If annual income is greater than 160% of the FPL and less than or equal to 240% of the FPL.)
- **Level 3: Spenddown**
  (If annual income is above 240% of the FPL.)

41.7.1. Level 1: Co-Payment

For Level 1, SC will pay the cost of covered prescription drugs purchased from participating pharmacies except for small co-payments.

Level 1 participants are required to pay a $5 co-payment for each covered generic prescription drug, and a $15 co-payment for each covered brand name prescription drug.

Participants with gross annual income at or below 160% of the FPL (30.14.0) receive prescription benefits at Level 1.

Those with income greater than 160% but less than or equal to 240% of the FPL participate at Level 1 after deductible requirements are met, for the remainder of the benefit period.

Those with income above 240% of the FPL participate at Level 1 after spenddown and deductible requirements are met, for the remainder of the benefit period.

41.7.2 Level 2: Deductible

Each Level 2 participant has an annual deductible of $500. Participants will get a discount off the retail price for most covered prescription drugs during the deductible period. The discount amount depends on the particular drug prescribed.

Participants with gross annual income greater than 160% but less than or equal to 240% of the FPL (30.14.0) begin receiving benefits at Level 2. After the $500 deductible is met, s/he purchases covered prescription drugs at the co-payment amounts for the remainder of the benefit period.

Those with income above 240% of the FPL participate at Level 2 after spenddown requirements are met.

Exception: If married persons in the same FTG with annual income above 160% of the FPL are determined non-financially eligible at different times, the deductible amount is prorated for the spouse who applies later (41.9.2.1).

41.7.3 Level 3: Spenddown

Participants with gross annual income above 240% of the FPL receive spenddown tracking services at Level 3.

The amount of the spenddown is the difference between the FTG annual income and 240% of the FPL corresponding to the size of the FTG.

The SC Program tracks the amounts spent on covered prescription drugs. After the participant has met the

41.7.3 Level 3: Spenddown

spenddown by purchasing drugs at retail prices, s/he participates at Level 2. Each Level 2 participant has an annual deductible of $500. Participants will get a discount off the retail price for most covered prescription drugs during the deductible period.

After the $500 deductible is met, s/he purchases covered prescription drugs at the co-payment amounts for the remainder of the benefit period.

41.7.3.1 FTG of One

A SC participant considered as a FTG of one with gross annual income above 240% FPL pays retail prices for covered prescription drugs until those payments equal the spenddown amount.

After the spenddown has been met by purchasing drugs at regular prices, s/he participates at Level 2. Each Level 2 participant has an annual deductible of $500. Participants will get a discount off the retail price for most covered prescription drugs during the deductible period.

After the $500 deductible is met, s/he purchases covered prescription drugs at the co-payment amounts for the remainder of the benefit period.

Example. Dorothy's annual income is $22,264. This is $1,000 more than 240% of the FPL for a FTG of one (30.14.0). Her spenddown amount for the 12-month benefit period is $1,000. Dorothy pays the retail price for her covered prescription drugs until those payments equal the spenddown amount.

If Dorothy meets the spenddown during her benefit period, she can begin purchasing covered prescription drugs at the discounted rate. These costs are applied toward the $500 deductible.

After the $500 deductible is met, Dorothy purchases covered prescription drugs at the co-payment amounts for the remainder of her benefit period.

41.7.3.2 FTG of Two

Married persons considered as a FTG of two with annual income greater than 240% FPL and in which both spouses are determined non-financially eligible at the same time pay retail price for covered prescription drugs until the spenddown requirement is met.

41.7.3.2 FTG of Two (cont.)

In this case, the spenddown amount is shared, and covered prescription drugs purchased for either person in the married couple will count toward meeting the spenddown requirement.

After the spenddown has been met, each spouse participates at Level 2. Each spouse has a $500 deductible requirement. Participants will get a discount off the retail price for most covered prescription drugs during the deductible period. Only the covered prescription drugs purchased for an individual spouse may count toward that spouse's deductible.

After a spouse has met his/her $500 deductible, s/he purchases covered prescription drugs at the co-payment amounts for the remainder of the benefit period.

Example. Bob and Alice's annual income is $30,656, which is $2,000 more than 240% of the FPL for a FTG of two (30.14.0). Both spouses are eligible, and for the 12-month benefit period their joint spenddown amount is $2,000. Bob and Alice pay for their covered prescription drugs at retail price until the $2,000 spenddown is met. Covered prescription drugs purchased for either Bob or Alice will count toward the spenddown requirement.

After Bob and Alice meet the spenddown, each person has a $500 deductible. Only covered prescription drugs purchased for Bob count toward his deductible, and only covered prescription drugs purchased for Alice count toward her deductible.

Bob meets his $500 deductible in two months. He then purchases covered prescription drugs at the co-payment amounts for the remainder of his benefit period. Alice meets her $500 deductible in three months. She then purchases covered prescription drugs at the co-payment amounts for the remainder of her benefit period.

If only one spouse in a married couple is determined eligible, only his/her costs count toward the spenddown. S/he pays retail price for covered prescription drugs until the spenddown requirement is met.

Example. Tracy and Dave's annual income is $30,656, which is $2,000 more than 240% of the FPL for a FTG of two (30.14.0). Because Tracy is 63 years old, only Dave is eligible for SC. For the 12-month benefit period Dave's spenddown amount is $2,000.

41.7.3.2 FTG of Two (cont.)

Tracy and Dave pay for their covered prescription drugs at retail price. Only covered prescription drugs purchased for Dave count toward the spenddown requirement.

After Dave has met the $2,000 spenddown, he has a $500 deductible. Only covered prescription drugs purchased for Dave count toward his deductible.

After Dave meets his $500 deductible, he purchases covered prescription drugs at the co-payment amounts for the remainder of her benefit period.

41.8.0 Countable Costs

In order for the prescription drug purchase to count towards meeting a spenddown or deductible, it must be:

1. Prescribed for the eligible SC participant.
2. Purchased during the benefit period.
3. Covered by the SC program (41.16.0).

All covered prescription drug costs the participant incurs will be tracked, and the SC Program will coordinate coverage with insurance companies. If the prescription is covered by insurance, only the portion not paid by insurance is applied toward the spenddown or deductible.

When participant out-of-pocket expense requirements are met for a deductible or spenddown, participating pharmacies will be informed.

41.8.1 Carryover

There is no carryover of prescription costs from one benefit period to the next. There are two instances when carryover covered prescription amounts are applied.

1. When the covered prescription cost exceeds the remaining deductible amount, SC pays the difference.

Example. Jeff earns between 160% and 240% of the FPL for a FTG size of one (30.14.0). He is eligible for SC and has a $500 deductible. In three months, Jeff has a remaining deductible amount of $30.

During the fourth month of his benefit period, with a $30 remaining deductible, Jeff purchases a covered prescription drug that costs $100. The pharmacist informs him that he owes $30 of the $100 prescription drug cost. He has met his deductible. The remaining

41.8.1 Carryover (cont.)

$70 will be paid by SC.

For the next prescriptions that Jeff has filled during his benefit period, he will pay only co-payment amounts.

2. When the cost of a covered prescription drug is applied toward meeting the spenddown and the amount exceeds the remaining spenddown amount, the excess will be applied toward the deductible.

Example. Rachel earns $23,064, which is $1,800 more than 240% of the FPL for a FTG of one (30.14.0). Her spenddown amount for the 12-month benefit period is $1,800. In four months Rachel has incurred all but $50 of her spenddown amount by purchasing covered prescription drugs at retail price.

During the fifth month of her benefit period, when she has $50 of her spenddown left, Rachel purchases a covered prescription drug that costs $100. Rachel pays the full $100. Of the $100, $50 is applied to her spenddown, and $50 is applied to her deductible. She now has satisfied the spenddown, and the remaining deductible amount is $450.

41.9.0 Addition of a Spouse

The following exceptions apply when one spouse (hereafter referred to as the "second spouse") is determined eligible after the other spouse's (hereafter referred to as the "first spouse") benefit period has begun.

In all of these situations, the first spouse's eligibility and benefit period does not change, unless s/he chooses to reapply (41.11.0).

The participation level for the second spouse depends on whether the second spouse was included in the FTG when the participation level for the first spouse was determined.

41.9.1 Benefit Period

If the second spouse becomes eligible after the first spouse's benefit period has begun, the second spouse's benefit period ends on the same date that the first spouse's benefit period ends.

41.9.2 Different Eligibility Dates

When the first spouse's participation level was determined as a FTG of two and the second spouse applies or is determined eligible after the first spouse's benefit period has begun, the participation level for the second spouse is determined based on annual income information provided on the first spouse's application.

Example. Tyler and Anne are married and live together. Tyler has significant prescription drug expenses and applies for SC. Anne takes no prescription drugs and does not request SC when Tyler applies in March. Tyler's participation level is based on a FTG of two. Tyler is found eligible, and his benefit period begins April 1st.

In September, Anne is diagnosed with a health problem and begins taking prescription drugs. She applies for SC on September 15th. The same income information provided in March is used to determine Anne's eligibility, even though Tyler has since obtained a part-time job and has additional income.

Anne's benefit period is from October 1st through March 31st so her benefit period ends at the same time as Tyler's. They will report the income from Tyler's part-time job when their SC eligibility is reviewed in March.

41.9.2.1 Level 2: Deductible

The second spouse's deductible is prorated if the couple's gross annual income is between 160% and 240% of the FPL, and the second spouse becomes SC eligible after the first spouse's benefit period has begun.

To prorate the deductible, multiply the $500 deductible amount by the number of months in the second spouse's benefit period and divide by 12.

Example. Mary and Jim apply for SC in January. They have annual income of $22,000, which is between 160% and 240% of the FPL for a FTG of two (30.14.0). Their income places them in Level 2 (deductible).

Jim is determined eligible for SC, but Mary's eligibility for SC is denied because she is 64. Mary is refunded her enrollment fee. Jim's 12-month benefit period begins February 1st. Jim has a $500 deductible.

In June, Mary will turn 65. At adverse action in the month of May, CARES will process this case through batch. At

41.9.2.1 Level 2: Deductible (cont.)

that time, the application status is updated if the applicant who is turning 65 is:

- In an open SC case, **and**
- The individual has requested SC.

A letter is sent to Mary notifying her that if she still wishes to participate in SC, she must submit her $20 annual enrollment fee. If Mary's enrollment fee is received before July 1st, she will be determined eligible beginning July 1st.

Mary's benefit period begins August 1st, and ends January 31st, when Jim's benefit period ends. Mary's deductible is prorated. Since there are six months in her benefit period, $500 is multiplied by six and the total is divided by 12.

$500 x 6=$3,000/12=$250

Mary's deductible is $250. Once Mary meets the $250 deductible by purchasing covered prescription drugs, she is eligible to purchase covered prescription drugs at the co-payment amounts through the remainder of her benefit period.

Jim's eligibility and benefit period are not affected.

41.9.2.2 Level 3: Spenddown

If the couple's income is greater than 240% of the FPL and the second spouse becomes eligible after the first spouse's benefit period has begun, the procedure differs according to whether the spenddown has been met at the time the second spouse's eligibility begins.

Unmet Spenddown

When a second spouse is added before the spenddown has been met by the first spouse, covered prescription drug purchases of both spouses will count toward the remaining spenddown requirement.

After the spenddown has been met, both spouses begin to participate at Level 2, and each will have a deductible requirement. The deductible for the first spouse is $500. The deductible for the second spouse is prorated (41.9.2.1). Participants will get a discount off the retail price for most covered prescription drugs during the deductible period.

After a spouse has met his/her deductible, s/he purchases covered prescription drugs at the co-payment amounts for the

41.9.2.2 Level 3: Spenddown (cont.)

remainder of the benefit period.

Example. Reginald and Elizabeth's joint income is $31,656, which is $3,000 more than 240% of the FPL for a FTG of two.

Elizabeth applies in December and is determined eligible for SC effective January 1st. Only Elizabeth's covered prescription drug costs are applied toward the spenddown. In March, Reginald turns 65 and is determined eligible for SC beginning April 1st. His benefit period ends December 31st, when Elizabeth's ends. Since Elizabeth has not yet met the spenddown when Reginald's eligibility begins, both spouse's expenses are applied toward the remaining spenddown amount, beginning April 1st.

In June, Elizabeth and Reginald meet the spenddown. Elizabeth has a $500 deductible, but Reginald's deductible is prorated. Since there are nine months in his benefit period, $500 is multiplied by nine and the total is divided by 12.

$500 x 9 = $4,500/12 = $375

Reginald's deductible is $375. Once Reginald meets the $375 deductible, he purchases covered prescription drugs at the co-payment amounts through the remainder of his benefit period. Once Elizabeth meets her $500 deductible, she purchases covered prescription drugs at the co-payment amounts through the remainder of the benefit period.

Met Spenddown

When a second spouse is added after the spenddown has been met, the eligibility and benefit period for the first spouse is not affected.

The second spouse begins participation at Level 2. The deductible for the second spouse is prorated (41.9.2.1). Participants will get a discount off the retail price for most covered prescription drugs during the deductible period.

After a spouse has met his/her deductible, s/he purchases covered prescription drugs at the co-payment amounts for the remainder of the benefit period.

Example. Bob and Bernice's joint income is $29,656, which is $1,000 more than 240% of the FPL for a FTG of two.

Bernice applies in December and is determined eligible for

41.9.2.2 Level 3: Spenddown (cont.)

SC effective January 1st. Bob does not apply because he is not yet 65 years old. Only Bernice's covered prescription drug costs are applied toward the spenddown amount of $1,000.

Bernice meets the spenddown requirement in April. She then begins purchasing covered prescription drugs that count toward her $500 deductible. In June, she has $100 left before she will meet her deductible.

In May, Bob turns 65 and is determined eligible for SC. His eligibility begin date is June 1st. His benefit period ends December 31st, when Bernice's ends. Since Bernice has already met the spenddown requirement, Bob will begin participating at Level 2. His deductible will be prorated. Since there are seven months in his benefit period, $500 is multiplied by seven and the total is divided by 12.

$500 x 7 = $3,500/12 = $292

Bob's deductible is $292. After he meets the $292 deductible by purchasing covered prescription drugs, he purchases covered prescription drugs at co-payment amounts for the remainder of his benefit period.

Bernice's eligibility and benefit period are not affected. Once she meets her deductible by purchasing another $100 in covered prescription drugs, she purchases covered prescription drugs at the co-payment amounts for the remainder of her benefit period.

41.9.3 FTG Changes

When a married SC participant applies after the first spouse's benefit period has begun, and the second spouse was not included in the FTG when the participation level for the first spouse was determined:

- The gross annual income test for the second spouse is based on a FTG of two, **and**
- Gross annual income for the second spouse is determined prospectively beginning with the month the second spouse's request is received, **and**
- The eligibility and benefit period for the first spouse are not affected, unless s/he chooses to reapply.

41.9.3 FTG Changes (cont.)

Example. Jim is a SC participant from September through August. Because he was not married and living with a spouse when he applied, Jim's benefit level was based on a FTG of one.

In January Jim marries Helen. Helen applies for SC in February. Jim's eligibility is not re-determined when Helen applies.

Helen's participation level is determined based on a FTG of two. Income is estimated for Helen prospectively for the 12-month period beginning in February.

Helen's benefit period begins in March, if she met all eligibility requirements in February. Helen's benefit period ends in August, when Jim's benefit period ends.

41.9.3.1 Level 2: Deductible

The second spouse's deductible is prorated (41.9.2.1) when income for the second spouse, based on a FTG of two, is determined to be above 160% but less than or equal to 240% of the FPL and the second spouse is added to the case after the first spouse's benefit period has begun.

Example. Will is married, but he and his wife Grace were separated at the time he applied for SC.

Will applies for SC in October. Will's benefit level is based on a FTG of one, using only his income. Will's gross annual income is $13,176, which is less than 160% of the FPL for a FTG of one.

Will is determined to be SC eligible beginning November 1st. His 12-month benefit period ends the following October. Will does not pay a deductible or spenddown. He purchases covered prescription drugs at the co-payment amounts. Grace returns home in January. She applies for SC in February and is determined eligible beginning March 1st. Grace's benefit level is determined based on a FTG of two. Their joint income is determined to be $27,656, which is between 160% and 240% of the FPL for a FTG of two. Her benefit period ends October 31st, when Will's benefit period ends.

Since there are eight months in her benefit period, Grace's deductible amount is prorated. The deductible amount of $500 is multiplied by eight and then divided by 12.

41.9.3.1 Level 2: Deductible (cont.)

$500 x 8=$4,000/12=$333

Grace's deductible amount is $333. After she has met her deductible, she purchases covered prescription drugs at the co-payment amounts for the remainder of her benefit period. Will's eligibility and benefit period are not affected.

41.9.3.2 Level 3: Spenddown

The second spouse's spenddown is prorated only if:

- The income for the second spouse, based on a FTG of two, is determined to be above 240% of the FPL, **and**
- The second spouse becomes eligible after the first spouse's benefit period has begun, **and**
- The second spouse was not included in the FTG when the participation level for the first spouse was determined.

To prorate the second spouse's spenddown, multiply the amount of income exceeding 240% FPL by the number of months of the second spouse's benefit period and divide by 12. Only covered prescription drug costs of the second spouse count toward the prorated spenddown.

After the spenddown has been met, the second spouse participates at Level 2. The deductible for the second spouse is prorated (41.9.2.1). Participants will get a discount off the retail price for most covered prescription drugs during the deductible period.

After the deductible is met, s/he purchases covered prescription drugs at the co-payment amounts for the remainder of the benefit period.

Example. Tim is married, but his wife Marsha was institutionalized at the time he applied for SC. Marsha was expected to be out of the home for five months.

Tim applies for SC in May. Tim's benefit level is based on a FTG of one. Tim's gross annual income is $13,176, which is less than 160% of the FPL for a FTG of one.

Tim is determined to be SC eligible beginning June 1st. His 12-month benefit period ends the following May. Tim does not pay a deductible or spenddown. He purchases covered prescription drugs at the co-payment amounts.

41.9.3.2 Level 3: Spenddown (cont.)

Tim's wife Marsha returns home in November. She applies for SC in November and is determined eligible beginning December 1st. Marsha's participation level is determined based on a FTG of two. Their joint income is determined to be $29,656, which is $1,000 above 240% of the FPL for a FTG of two. Her benefit period ends May 31st, when Tim's benefit period ends.

Since there are six months in her benefit period, Marsha's spenddown amount is prorated. The spenddown amount of $1,000 is multiplied by six and then divided by 12.

$1,000 x 6=$6,000/12=$500

Marsha's spenddown amount is $500. After she has met her spenddown, she then has a prorated deductible. Since there are six months in her benefit period, $500 is multiplied by six and then divided by 12.

$500 x 6=$3,000/12=$250

Marsha pays for covered prescription drugs until she has met the $250 deductible. After Marsha has met the deductible, she purchases covered prescription drugs at the co-payment amounts for the remainder of her benefit period.

Tim's eligibility and benefit period are not affected.

41.10.0 Changes

The following changes must be reported to the SC Program within ten days:

- Address.
- Household Composition (examples include marriage, divorce, separation).
- Death.

Changes may be reported by phone to the SeniorCare Customer Service Hotline at 1-800-657-2038.

A participant may report any changes before his/her case has been confirmed in CARES. The new information will be used in his/her SC eligibility determination. Changes reported after the case has been confirmed in CARES will not be applied to the participant's SC benefits, unless the change is reporting any of the items listed above, an error (42.1.1.1), or a

41.10.0 Changes (cont.)

participant's request to close the case. The participant may reapply (41.11.0) if s/he would like the changes to be used in redetermining his/her SC benefits.

Example. Eric applied for SC in July and was found eligible with a deductible (Level 2) for August. In September, Eric loses his job. Without the income from his job, Eric would be able to purchase prescription drugs at the co-payment amounts. He reports the change to the SC program. This change will not affect his SC benefits, because Eric reported the change after his case had been confirmed in CARES.

If Eric had reported the change prior to his case being confirmed in CARES, the change would have been applied to his case, and he would have paid the co-payment amounts for prescription drugs. If Eric wishes, he may request to file a re-application (41.11.0) to change his benefit level.

If Eric had lost this job prior to his initial application and reported the income from this job in error when he initially applied, his benefits may have been corrected back to the eligibility begin date depending on when he reported the error (41.10.1). If he reported within the first 45 days after the notice of issuance date, his benefits would be corrected. If he reported more than 45 days after the notice of issuance date, the correction would be made the first of the month following the timely notice after the error was reported.

Changes may also be reported in writing to:

SeniorCare
P.O. Box 6710
Madison, WI 53716-0710

It is requested that the participant's SSN be included on any written correspondence.

41.10.1 Correction of Errors

Any error made on the SeniorCare Application (HCF 10076) must be reported by the participant to the SeniorCare Customer Services Hotline at 1-800-657-2038. An error may include, but is not limited to:

- Doubling of income.
- Income amounts are off by a factor of 100.
- Application processing errors.

41.10.1 Correct of Error (cont.)

If a participant has been found eligible for either an incorrect SC benefit level or spenddown amount due to an error, action will be taken to correct the mistake for the remainder of the SC benefit period. The effective date of the change is as follows:

- If the corrective action adversely affects the participant, provide timely notice before the effective date of the action.

- If the corrective action is to the participant's benefit, the change is effective on the first of the month in which the mistake was reported.

If an applicant has been found eligible for either an incorrect SC benefit level or spenddown amount due to an error, determine whether it was due to a participant error or an agency error. Corrective action and the begin date of the change for a past benefit period will be pursued based on the following type of error:

- Agency Error

  If the error resulted in an overpayment, past benefits will not be recovered.

  If the error resulted in an underpayment, benefits will be restored back to initial eligibility date of the benefit period.

- Applicant/Participant Error

  If the error resulted in an overpayment, benefit recovery will be pursued.

  If the error resulted in an underpayment and s/he reported the error within 45 days of the eligibility notice, restore benefits back to the initial eligibility date of the benefit period. If the error is not reported within 45 days, the effective date of the change is first of the month in which the error is reported.

41.11.0 Re-Application

SC participants may request to establish a new SC benefit period at any time. However, it is not beneficial for a SC participant to reapply unless s/he has experienced a reduction in gross annual income, which would result in being SC eligible at a lower income level (reduction/elimination of spenddown or deductible).

41.11.0 Re-Application (cont.)

Such a change may result from divorce, marriage, institutionalization or death of a spouse, or any other change that results in a significant decrease in income.

To reapply, participants must submit a new application form and pay a $20 enrollment fee per person. Eligibility will be re-determined for a new 12-month period (within 30 days) after a complete application is received.

When eligibility for a new benefit period is determined, the participant's previous benefit period is terminated, and s/he is not allowed to restart the previous benefit period. Any expenses previously incurred are not applied to the new benefit period.

Eligibility for a new benefit period begins on the first day of the month after a complete application is received and all eligibility requirements are met.

41.12.0 Termination

SC eligibility is terminated prior to the end of the benefit period if:

- A participant no longer meets non-financial eligibility requirements, **or**
- S/he requests to withdraw from the program, **or**
- S/he requests to establish a new benefit period and eligibility for the new benefit period is confirmed (41.11.0).

If the SC Program is notified that all eligibility requirements are satisfied again within one calendar month of SC eligibility termination, the benefit period is restored.

Exception: SC participants who lose SC eligibility solely due to receipt of MA benefits do not have their benefit period terminated. However, they are not eligible for SC benefits or services for the calendar months that they receive MA benefits.

If MA eligibility ends prior to the end of the SC benefit period, and the participant is still SC eligible, SC eligibility automatically resumes.

Example. Amy applies for SC on October 4th and is determined eligible effective November 1st. In December she applies for MA and is determined eligible, effective

41.12.0 Termination (cont.)

December 1st. Amy is not eligible for SC benefits or services while she is receiving MA.

In January, Amy inherits $5,000 and is notified that her MA eligibility ends January 31st, because her assets exceed the limit. Amy still meets SC eligibility requirements, so SC eligibility will resume from February 1st through October 31st.

41.12.1 Withdrawal

Applicants or participants may withdraw from the SC Program at any time. To withdraw by phone, call the SeniorCare Customer Service Hotline at 1-800-657-2038.

A request to withdraw can be made in writing to:

SeniorCare
P.O. Box 6710
Madison, WI 53716-0710

A SC participant is eligible for an enrollment fee refund only if s/he meets the requirements listed in 41.3.1.1.

41.13.0 Decision Notice

A written notice is sent to the applicant indicating SC authorization, benefit reduction, denial, or termination.

For reductions, denials or terminations, the notice contains reasons for the action, with any supporting regulations. It also specifies the circumstances under which SC benefits will be continued if a hearing is requested.

SC participants will be notified of an adverse action at least 10 days prior to the effective date of adverse action, except under certain circumstances.

Timely notice requirements do not apply when:

- A prescription drug billing must be reversed due to an incorrect billing, and that reversal results in a benefit or service change.
- A participant chooses to withdraw from the program.
- A participant requests to establish a new benefit period and eligibility for the previous benefit period is terminated (41.11.0).

41.14.0 Appeals

SC applicants or participants may request a hearing by writing to the Division of Hearings and Appeals (DHA) when one of the following occur and the action is not the result of a general program policy change:

1. An application is denied, or the person is denied the right to apply.

2. An application is not acted upon with reasonable promptness.

3. A participant believes that the benefits s/he received, or the initial eligibility date of program benefits were not properly determined.

4. Program benefits are reduced or terminated.

41.14.1 Requesting a Hearing

The SC applicant or participant, or his/her representative, may file an appeal. The request for a hearing must be made in writing to the DHA within 45 days from the effective date of the adverse action.

Benefits will be continued only if the participant requests a hearing prior to the effective date of the adverse action.

41.14.2 Hearing

The hearing will be held at a location determined by the DHA.

Hearings will be:

- Held at a time reasonably convenient to the petitioner, department or agency staff and the administrative law judge.

- Reasonably accessible to the petitioner.

- Held on department or agency premises, subject to the judgement of the administrative law judge.

41.15.0 Annual Eligibility Review

An annual eligibility review is required for each participant. Eligibility for a new benefit period begins on the first day of the month immediately following the end of the previous benefit period when:

1. A pre-printed CARES review form or new application form (HCF 10076) is received by the end of the previous

41.15.0 Annual Eligibility Review (cont.)

benefit period, **and**

2. All eligibility requirements are met, including payment of the $20 annual enrollment fee.

41.16.0 Benefits

For all of the participation levels, SC allows the following:

- The generic form of any covered prescription drug, unless the medical practitioner writes on the prescription that the brand name form of the covered prescription drug is medically necessary.

SC does **not** allow the following:

- Prescription drugs administered in a physician's office.
- Prescription drugs that are experimental or have a cosmetic, not a medical purpose.
- Over-the-counter drugs such as vitamins or aspirin, even with a prescription, except for insulin.
- Prescription drugs for which prior authorization has been denied.